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Issue 1. Can Capitalism Lead to Human Happiness? 2

YES: **Adam Smith**, from *An Inquiry Into the Nature and Causes of the Wealth of Nations*, vols. 1 and 2 (1869) 4

NO: **Karl Marx and Friedrich Engels**, from *The Communist Manifesto* (1848) 12

If we will but leave self-interested people to seek their own advantage, Adam Smith (1723–1790) argues, the result, unintended by any one of them, will be the greater advantage of all. No government interference is necessary to protect the general welfare. Leave people to their own self-interested devices, Karl Marx (1818–1883) and Friedrich Engels (1820–1895) reply, and those who by luck and inheritance own the means of production will rapidly reduce everyone else to virtual slavery. The few may be fabulously happy, but all others will live in misery.

Issue 2. Can Restructuring a Corporation’s Rules Make a Moral Difference? 23

YES: **Josef Wieland**, from “The Ethics of Governance,” *Business Ethics Quarterly* (January 2001) 25

NO: **Ian Maitland**, from “Distributive Justice in Firms: Do the Rules of Corporate Governance Matter?” *Business Ethics Quarterly* (January 2001) 38

Can moral values be attributed to organizations (as well as to individual persons)? Josef Wieland, director of the German Business Ethics Network’s Centre for Business Ethics, argues that they can. After carefully developing a concept of governance ethics for corporations, he argues that the incorporation of moral conditions and requirements into the structures of the firm is the precondition for lasting beneficial effects of the virtues of the individuals within it. We can only be moral persons at work when the workplace, too, is moral. Ian Maitland, professor of Business, Government and Society at the University of Minnesota’s Carlson School of Management, here plays his favorite role as Business Ethics Curmudgeon. Changing the rules will have no effect whatsoever on the moral work of the corporation (taking as his example the justice of the distributive mechanisms of the firm) and will succeed, if taken seriously, only in impairing its efficiency.

Issue 3. Is Increasing Profits the Only Social Responsibility of Business? 54

YES: **Milton Friedman**, from “The Social Responsibility of Business Is to Increase Its Profits,” *The New York Times Magazine*, September 13, 1970. 56

NO: Joe DesJardins, "Business and Environmental Sustainability,"
Business and Professional Ethics Vol. 24, nos 1 & 2. 62

Friedman argues that businesses have neither the right nor the ability to fool around with "social responsibility" as distinct from profit-making. They serve employees and customers best when they do their work with maximum efficiency. The only restrictions on the pursuit of profit that Friedman accepts are the requirements of law and "the rules of the game" ("open and free competition without deception or fraud"). DesJardins explains that in the early years of the 21st century, we face a set of serious economic, ecological, and ethical challenges that require businesses to accept social responsibilities that support their own environmental sustainability and help meet the real needs of billions of people around the globe. He suggests various ways in which businesses might go about this without sacrificing profitability.

Issue 4. Can Individual Virtue Survive Corporate Pressure? 78

YES: Robert C. Solomon, from "Victims of Circumstances? A Defense of Virtue Ethics in Business," *Business Ethics Quarterly* (January 2003) 80

NO: Gilbert Harman, from "No Character or Personality," *Business Ethics Quarterly* (January 2003) 95

Joining the long-standing debate on the possibility of free choice and moral agency in the business world, Quincy Lee Centennial Professor of Business and Philosophy at the University of Texas in Austin Robert C. Solomon argues that whatever the structures, the individual's choice is free, and therefore his character or virtue is of the utmost importance in creating a good moral tone in the life of a business. Stuart Professor of Philosophy at Princeton University Gilbert Harman employs determinist arguments to conclude that no individual can of his own free choice make a difference in a group enterprise.

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Issue 5. Are the Risks of Derivatives Manageable? 106

YES: Justin Welby, "The Ethics of Derivatives and Risk Management," *Ethical Perspectives*, 4, 2, 1997 108

NO: Thomas A. Bass, "Derivatives: The Crystal Meth of Finance,"
The Huffington Post, May 5, 2009 117

In 2008, most of the world watched in horror as the U.S. stock market nearly collapsed, bringing down other monetary world markets with it. Justin Welby contends that derivatives are an important and ethical investment practice, but one that involves risks. He claims that the risks should be understood well before participating in these investment practices. Thomas Bass claims that the market failures were due in large part to mismanagement of these investments he compares to crystal meth. In this 2009 article, he recommends widespread regulation of these instruments or no use of them at all.

Issue 6. Should Price Gouging Be Regulated? 122

YES: Jeremy Snyder, "What's the Matter with Price Gouging?"
Business Ethics Quarterly, 19:2 (April 2009) 124

NO: Matt Zwolinski, "Price Gouging, Non-Worseness, and Distributive Justice." *Business Ethics Quarterly*, 19:2 (April 2009) 140

Snyder contends that price gouging conflicts with the goal of equitable access to goods essential to a minimally flourishing human life. Efficient provision of essential goods is not sufficient to prevent serious inequities. Regulations are needed for equitable access. Zwolinski argues that price gouging can be morally permissible, even though this does not mean that price gougers are morally virtuous. Considerations of the availability of institutional alternatives and distributive justice may render price gouging morally acceptable. In any case, regulations cannot be expected to resolve the moral issues more satisfactorily than the market itself.

Issue 7. Does the Enron Collapse Show That We Need More Regulation of the Energy Industry? 150

YES: Richard Rosen, from "Regulating Power: An Idea Whose Time Is Back," *The American Prospect* (March 25, 2002) 152

NO: Christopher L. Culp and Steve H. Hanke, from "Empire of the Sun: An Economic Interpretation of Enron's Energy Business," *Cato Policy Analysis No. 470* (February 20, 2003) 154

It seems reasonably clear to Richard Rosen that the disastrous collapse of the Enron energy company—accompanied by soaring prices in California, disruptions of the market here and abroad, and accusations of fraud all around—means we need more government oversight. Not so, say Culp and Hanke; it was the unwise regulation that caused the problem in the first place, and only deregulation will let the market clear up the problems with the industry.

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Issue 8. Does Blowing the Whistle Violate Company Loyalty? 182

YES: Sissela Bok, from "Whistleblowing and Professional Responsibility," *New York University Education Quarterly* (Summer 1980) 184

NO: Robert A. Larmer, from "Whistleblowing and Employee Loyalty," *Journal of Business Ethics* (vol. 11, 1992) 192

Philosopher Sissela Bok asserts that although blowing the whistle is often justified, it does involve dissent, accusation, and a breach of loyalty to the employer. Robert A. Larmer argues, on the contrary, that putting a stop to illegal or unethical company activities may be the highest type of loyalty an employee can display.

Issue 9. Is Employer Monitoring of Employee E-Mail Justified? 200

YES: Chauncey M. DePree, Jr., and Rebecca K. Jude, from "Who's Reading Your Office E-Mail? Is That Legal?" *Strategic Finance* (April 2006) 202

NO: *USA Today*, from “E-monitoring of Workers Sparks Concerns,”
USA Today (May 29, 2001) 206

DePree and Jude argue that employers have a right, indeed a duty, to protect the corporation from legal liability incurred by the careless actions of their employees. Unfortunately, the use of e-mail from the employer’s computer can get the company into worlds of trouble, and the company must monitor that e-mail. According to the *USA Today* there is apparently a substantial body of opinion in the country that e-mail is like other mail, and no one has the right to read it except the writer and the intended recipient. That goes for employers, too.

Issue 10. Is “Employment-at-Will” Good Social Policy? 210

YES: **Richard A. Epstein**, from “In Defense of the Contract at Will,” *University of Chicago Law Review* (Fall 1984) 212

NO: **John J. McCall**, from “A Defense of Just Cause Dismissal Rules,” *Business Ethics Quarterly* (April 2003) 218

Richard Epstein defends the at-will contract as an appropriate expression of autonomy of contract on the part of both employee and employer, and as a means to the most efficient operations of the market. John McCall argues that the defense of the employment-at-will doctrine does not take account of its economic and social consequences and is in derogation of the very moral principles that underlie private property and freedom of contract.

Issue 11. Is CEO Compensation Justified by Performance? 236

YES: **Ira T. Kay**, from “Don’t Mess with CEO Pay,” *Across the Board* (January/February 2006) 238

NO: **Edgar Woolard, Jr.**, from “CEOs Are Being Paid Too Much,” *Across the Board* (January/February 2006) 245

Ira Kay, a consultant on executive compensation for Watson Wyatt Worldwide, argues that in general the pay of the CEO tracks the company’s performance, so in general CEOs are simply paid to do what they were hired to do—bring up the price of the stock to increase shareholder wealth. Edgar Woolard, a former CEO himself, holds that the methods by which CEO compensation is determined are fundamentally flawed, and suggests some significant changes.

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Issue 12. Is Direct-to-Consumer Advertising of Pharmaceuticals Bad for Our Health? 252

YES: **Sidney M. Wolfe**, from “Direct-to-Consumer Advertising—Education or Emotion Promotion?” *The New England Journal of Medicine* (February 14, 2002) 254

NO: **Alan F. Holmer**, from “Direct-to-Consumer Advertising—Strengthening Our Health Care System,” *The New England Journal of Medicine* (February 14, 2002) 259

In this powerful debate, invited by *The New England Journal of Medicine*, two students of current pharmaceutical practices square off: Sidney Wolfe, M.D., of the Public Citizen Health Research Group in Washington, D.C., cites the dangers of overpromoting cures to the consumer. Alan Holmer, J.D., of the Pharmaceutical Research and Manufacturers of America, also in Washington, insists that more information for consumers can only improve the health of Americans.

Issue 13. Was Ford to Blame in the Pinto Case? 264

YES: Mark Dowie, from “Pinto Madness,” *Mother Jones* (September–October 1977) 266

NO: Ford Motor Company, from Closing Argument by Mr. James Neal, Brief for the Defense, *State of Indiana v. Ford Motor Company*, U.S. District Court, South Bend, Indiana (January 15, 1980) 281

Mark Dowie’s article broke a new kind of scandal for American manufacturing, alleging that Ford Motor Company had deliberately put on the road an unsafe car—the Pinto—in which hundreds of people suffered burn deaths and horrible disfigurement. The accusations gave rise to a series of civil suits and one criminal proceeding, in which Ford was charged with criminal homicide. James Neal, who was chief attorney for the Ford Motor Company’s defense against the charge of criminal homicide in connection with the burn deaths, persuaded the jury that Ford could not be held responsible for deaths which were actually caused by others—the driver of the van that struck the victims, for example—and which resulted from Ford’s patriotic efforts to produce a competitive small car.

Issue 14. Should We Require Labeling for Genetically Modified Food? 293

YES: Philip L. Bereano, from “The Right to Know What We Eat,” *Seattle Times* (October 11, 1998) 295

NO: Joseph A. Levitt, from Statement before the Health, Education, Labor, and Pensions Committee, United States Senate (September 26, 2000) 301

The consumer’s interest in knowing where his food comes from does not necessarily have to do with the chemical and nutritional properties of the food. Kosher pastrami, for instance, is identical to the nonkosher product, and dolphin-safe tuna is still tuna. But we have a real and important interest in knowing the processes by which our foods arrived on the table, Bereano argues, and the demand for a label for bioengineered foods is entirely legitimate. Levitt points out that as far as the law is concerned, only the nutritional traits and characteristics of foods are subject to safety assessment. Labeling has been required only where health risks exist, or where there is danger that a product’s marketing claims may mislead the consumer as to the food’s characteristics. Breeding techniques have never been subject to labeling, nor should genetic engineering techniques.

UNIT 5 GLOBAL OBJECTIVES 311

Issue 15. Are Multinational Corporations Free from Moral Obligation? 312

YES: Manuel Velasquez, from “International Business, Morality, and the Common Good,” *Business Ethics Quarterly* (January 1992) 314

NO: John E. Fleming, from "Alternative Approaches and Assumptions: Comments on Manuel Velasquez," *Business Ethics Quarterly* (January 1992) 320

In the absence of accepted enforcement agencies, there is little probability that any multinational corporation will suffer for violation of rules restricting business for the sake of the common good. Since any business that tried to conform to moral rules in the absence of enforcement would unjustifiably cease to be competitive, it must be the case, Velasquez argues, that moral strictures are not binding on such companies. Velasquez's logic is impressive, replies Fleming, but conditions on the ground in the multinational corporation are not as he describes. Real corporations tend to deal with long-term customers and suppliers in the goldfish bowl of international media exposure and must adhere to moral standards or lose business.

Issue 16. Are Sweatshops an Inhumane Business Practice? 324

YES: Denis G. Arnold and Norman E. Bowie, "Respect for Workers in Global Supply Chains: Advancing the Debate over Sweatshops." *Business Ethics Quarterly*, January 2001 326

NO: Gordon G. Sollars and Fred Englander, "Sweatshops: Kant and Consequences." *Business Ethics Quarterly*, January 2001 335

Philosophers Arnold and Bowie argue that managers of multinational enterprises have a duty to ensure that workers in their supply chains are treated with dignity and respect, which includes paying a living wage to those who work in factories with which they contact. Sollars and Englander contend that this work is needed for the very survival of individuals, and the multinational enterprises are not participating directly in the coercion of the workers in sweatshops.

Issue 17. Should Patenting Life Be Forbidden? 348

YES: Jeremy Rifkin, from "Should We Patent Life?" *Business Ethics* (March/April 1998) 350

NO: William Domnarski, from "Dire New World," *Intellectual Property Magazine* (January 1999) 356

Jeremy Rifkin, a persistent critic of unreflective support of "scientific progress," fears that genetic engineering extends human power over the rest of nature in ways that are unprecedented and whose consequences cannot be known. He urges a halt to research along these lines, especially research whose aim is no more than profit for the company that "owns" the results. William Domnarski, an intellectual property lawyer, finds the patenting of genes or genetic discoveries no different from patenting any other ideas. The purpose of patents is to reward and encourage useful invention, and there is no doubt that the modifications we introduce to the genetic material of plants and animals are useful to feed a starving world.

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Issue 18. Do Environmental Restrictions Violate Basic Economic Freedoms? 362

YES: John Shanahan, from "Environment," in Stuart M. Butler and Kim R. Holmes, eds. *Issues '96: The Candidate's Briefing Book* (Heritage Foundation, 1996) 364

NO: Paul R. Ehrlich and Anne H. Ehrlich, from "Brownlash: The New Environmental Anti-Science," *The Humanist* (November/December 1996) 374

John Shanahan, vice president of the Alexis de Tocqueville Institution in Arlington, Virginia, argues that many government environmental policies are unreasonable and infringe on basic economic freedoms. He concedes that environmental problems exist but denies that there is any environmental "crisis." Environmental scientists Paul R. Ehrlich and Anne H. Ehrlich, whose 1974 book *The End of Affluence* first outlined the consequences of environmental mismanagement, argue that many objections to environmental protections are self-serving and based on bad or misused science.

Issue 19. Is Bottling Water a Good Solution to Problems of Water Purity and Availability? 383

YES: Julie Stauffer, from "Water," *Body + Soul* (April/May 2005) 385

NO: Brian Howard, from "Message in a Bottle," *E: The Environment Magazine* (September/October 2003) 389

Julie Stauffer presents a good argument for care in the selection and use of drinking water, while recognizing that guarantees are few and far between in the bottled water industry. The commonly available information on bottled water certainly conveys the impression that it is purer and better than mere tap water; all the ads conjure up a vigorous and healthy outdoor lifestyle amid forests, lakes, and pure flowing springs. Brian Howard argues that bottling water is environmentally disastrous because of the huge drains on scarce aquifers and the haphazard disposal of the plastic bottles, and that tap water is often superior to bottled in purity.

Issue 20. Should the World Continue to Rely on Oil as a Major Source of Energy? 402

YES: Red Cavaney, from "Global Oil Production about to Peak? A Recurring Myth," *Worldwatch* (January–February 2006) 404

NO: James Howard Kunstler, from *The Long Emergency* (Grove/Atlantic, 2005) 408

Red Cavaney, president and chief executive officer of the American Petroleum Institute, argues that recent revolutionary advances in technology will yield sufficient quantities of available oil for the foreseeable future. James Howard Kunstler contends that the peak of oil production, Hubbert's Peak, was itself the important turning point in our species' relationship to petroleum. Unless strong conservation measures are put in place, the new scarcity will destroy much that we have come to expect in our lives.

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